

# MO Strategic Initiative for Economic Growth

*Steering Committee Meeting #1*

## “Key Issues for Economic Development Competitiveness”

# Adaptation is a key to thriving in New Economy

## *Old Manufacturing Economy*

Based on Producing Goods

Stable Markets

Insular and National Competition

Hierarchical Organizational Structures

Mass Production

Focus on Economies of Scale

“Company Man” - Secure employment  
with job specific skills



## *New Service Economy*

Based on Knowledge and Ideas

Dynamic Markets

Competition from Everywhere

Flat Structures with Open  
Communication

Flexible Production

Focus on Innovation and Growth

“Intrapreneur” – Riskier Employment with  
Passionate and Adaptive Workers

- Top 25 Fortune 500 companies in 1984 were all energy and manufacturing companies
- By 2009, only 9 energy and mfg. companies were in top 25 of the Fortune 500

# Macro trends are shaping the “new economy”

## Globalization

The world is becoming functionally interdependent

## Technology & Communications

Imperative for communities to keep up with the “death of distance”

## Regionalism

Coordinated regional & state economic development plans are required to compete for economic activity

## Sustainability - “Green”

Embrace the interdependence of environment and economy

## Workforce Development

Talent is critical to economic development

## “Place”

Sustaining a superior sense of *Place* (character, diversity & amenities)

# RCGA needed to assess the region in context of the new economic realities

- Engaged Market Street in May of 2009
- Conducted 1:1 interviews and held many focus groups
- Identified strengths and weaknesses within the region
- Analyzed 800 occupations to identify regional workforce capabilities
- Examined 1,200 detailed business sectors to identify niches with concentrated economic activity in region
- Utilized quantitative and qualitative research to analyze:
  - **People: demographics, socioeconomics, occupational composition, and workforce risk**
  - **Prosperity: economic trends, business sector composition**
  - **Place: costs of doing business, infrastructure, educational and research capacity**

# They identified key community assets and weaknesses...

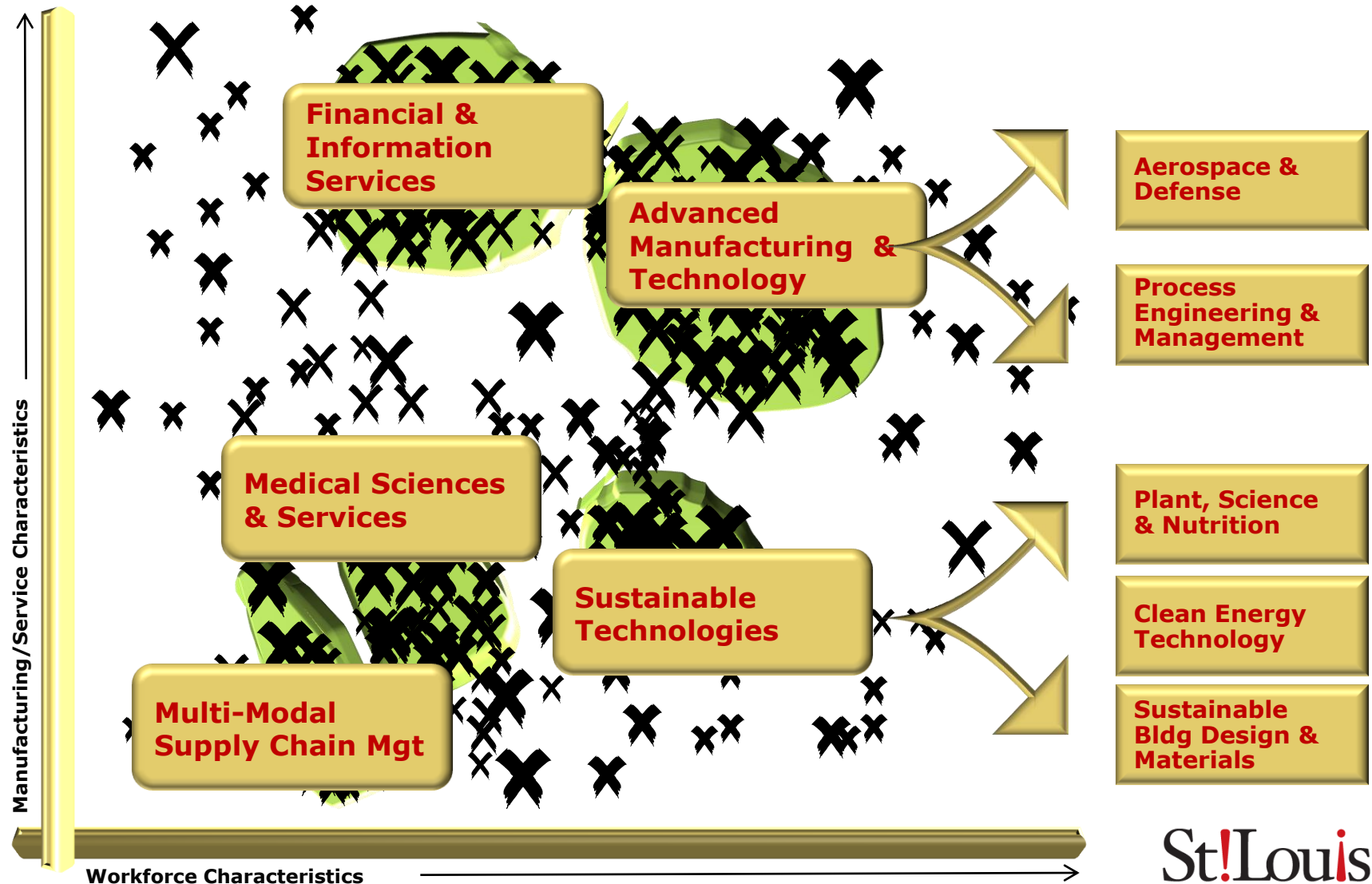
## Assets

- “Place” – livability, culture, parks, etc
- Higher education institutions
- Research & Development expenditures
- Transportation assets
  - Interstate highways
  - Class I rail lines
  - Air freight capacity
  - Major inland port
- Tax structure
- Major medical centers of excellence
- Momentum in service sector jobs

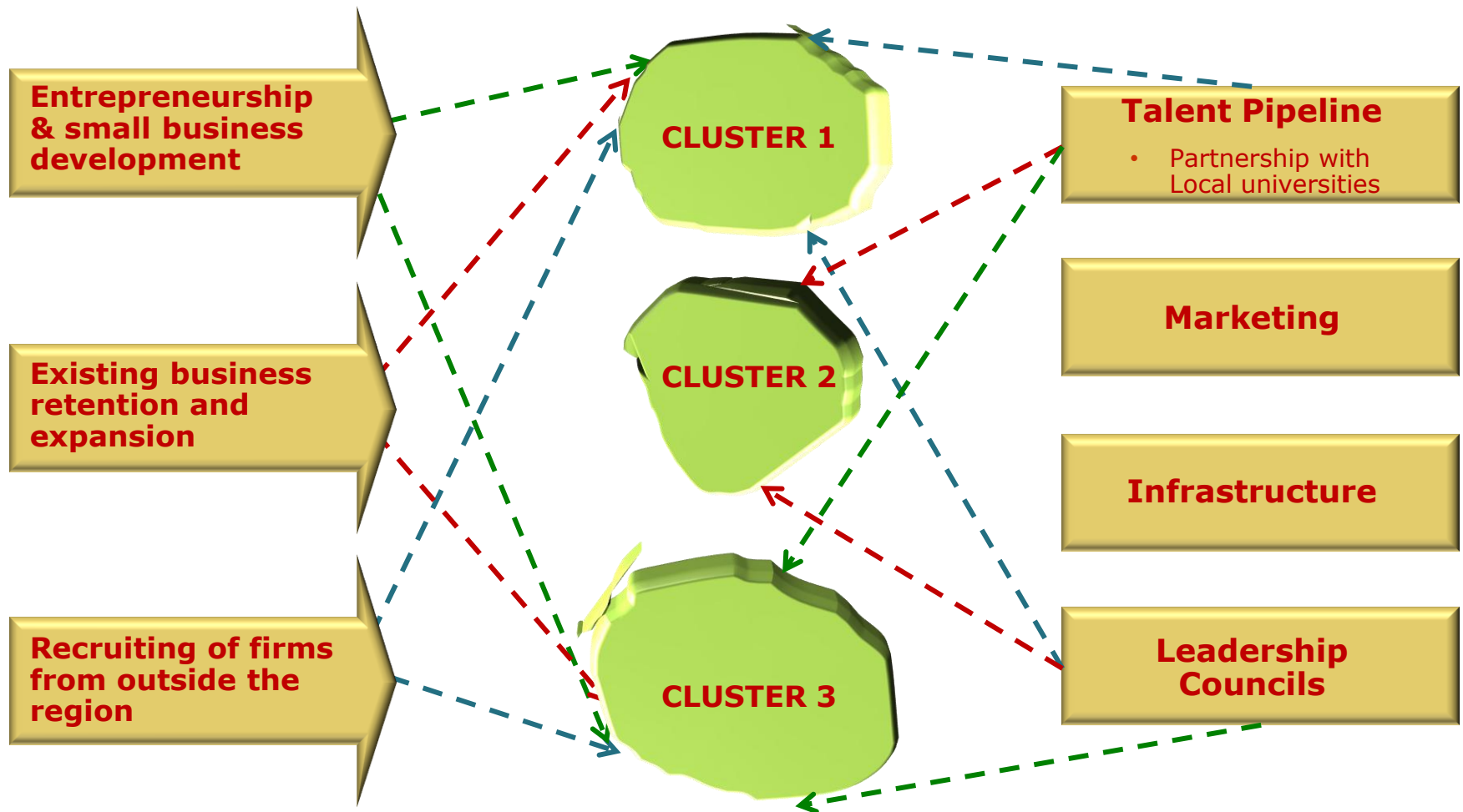
## Weaknesses

- Outmigration – lost 7,700 between '02 & '07
- Lags peers in Bachelor degree attainment
- Unemployment
- Lower wages and growth rate than nat'l avg.
- Less inventors per capita
- Gross Metropolitan Product per capita lags
- Population growth – ½ of national average
- Not keeping share of 20 – 34 year olds

# ...leading to the identification of five core industry clusters



# We plan to focus our initial energies on 2 or 3 clusters to capitalize on St Louis' unique assets



# Core Principles: 2011 - 2015

1. Today's economic environment demands a **balanced approach to economic development**, with interconnecting strategies for recruitment, retention/expansion, and innovation
2. To be globally significant, Greater St. Louis must **recapture its relevance as a center for commerce, transportation, and the distribution of goods & data**
3. Tomorrow's successful regions will be those that achieve a **purposeful alignment of the supply and demand of talent** to fuel the growth of their regional economy
4. Greater St. Louis' success in economic development will be directly related to the degree in which it is **regional in scope and highly collaborative with state & local partners**

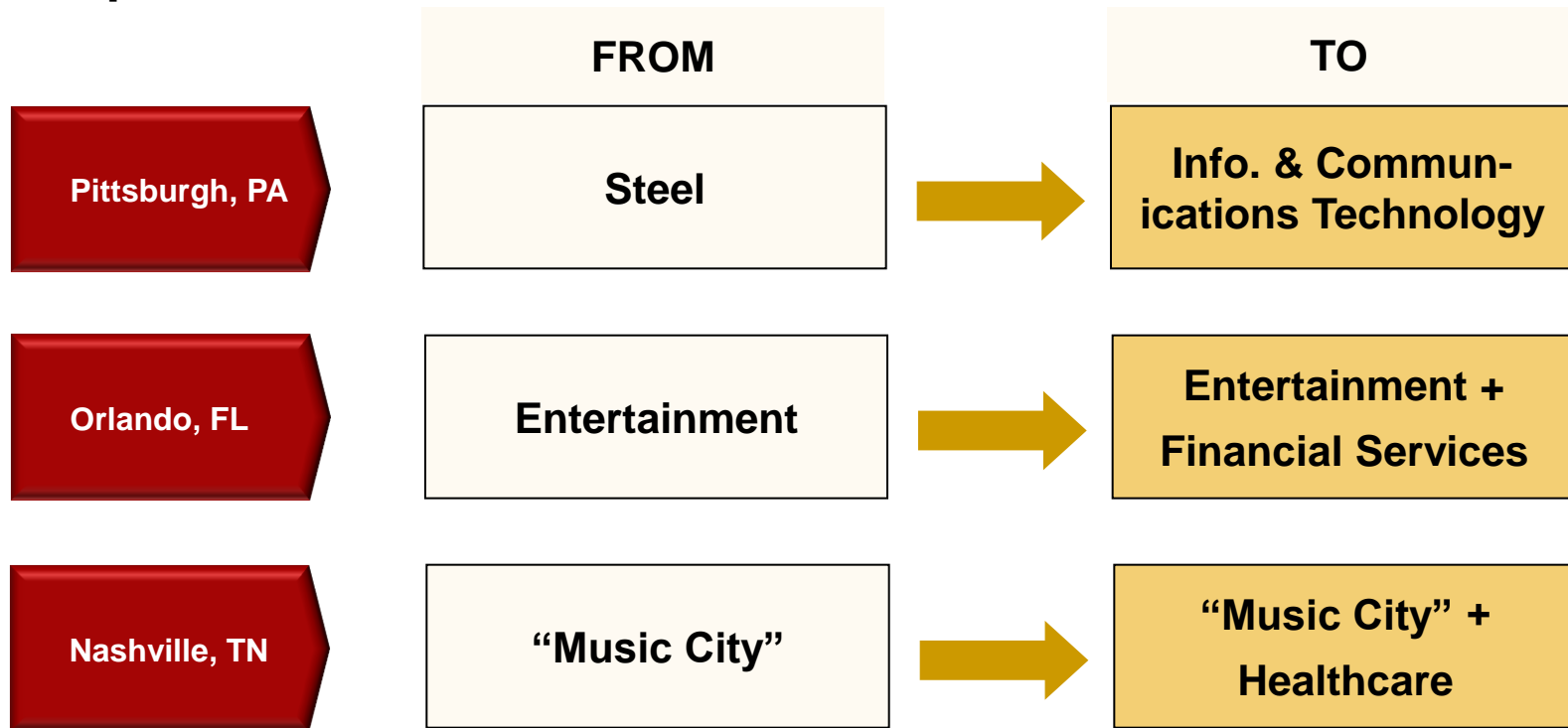


# Priorities Emerging in the New Regional Strategy

- Priority 1: Support & Grow Key Target Industry Sectors
- Priority 2: Targeted Marketing & Recruitment in Competitive Fields
- Priority 3: Increased Rate of Start-Up Ventures
- Priority 4: Better Leverage *ALL* Regional Transportation Assets
- Priority 5: Address Talent as a Strategic Imperative

# Other regions have successfully evolved using a cluster strategies:

## Examples



# **We will actively monitor our progress along key success measures:**

- Annual population and employment growth
- Unemployment Rates
- Percent of adult population with college degrees
- Median household incomes
- Real estate vacancy rates
- Venture capital investments
- Small business innovation research (SBIR) awards

# **Key economic drivers to consider.....**

**The recession has been the great regional & state equalizer – making now the time to act.**

“The best time to plant a tree  
is twenty years ago.  
The second best time is now.”

- Proverb